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Cover Report: Regulatory Compliance A MAZE OF REGULATIONS

A flurry of regulations are starting to see the light of day as a result of last year's massive Dodd-Frank law. The industry knew they were coming, but now companies are finally getting a peek at the fine print. The proposed definition for a Qualified Residential Mortgage (QRM), and several new requirements around foreclosure processing and servicing, are just some of the new regulations that could dramatically transform the business. Then, of course, there's a brand-new agency coming in July with a whole new batch of rules and requirements.

COVER ART BY CHRISTOPHER ZACHAROW

28 A New Fair Lending Crackdown

By Jo Ann S. Barefoot and Kathlyn L. Farrell Enforcement cases have spiked sharply in recent times. Mortgage lenders need to be aware of new risks that can trigger enforcement trouble.

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The foreclosure crisis ignited a media firestorm around the legitimacy of an electronic registry built by the industry to track ownership of mortgages and servicing. It's taking a while to get to the truth.

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Today's compliance departments have their hands full juggling a rash of new laws and regulations. A review of lenders' top compliance concerns shows how tough it is to keep a winning record.

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It takes something special to be a long-term winner in the mortgage origination business. Winston-Salem, North Carolina—based BB&T seems to have the right formula and has turned it into a science.

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The mortgage industry's most difficult challenge in loan performance and loan modification comes from loans that do not amortize or may even negatively amortize. As progress is made in reducing overall exposure to these loans, the performance of surviving option ARMs continues to worsen and losses mount.

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Joseph Beggins, chief executive officer of GEMSA Loan Services LP, Houston, discusses current commercial mortgage servicing challenges, including increased investor scrutiny, potential new regulations and increasing costs to implement any new regulations.

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BY CHARLES STEINFIELD, ROLF T. WIGAND AND M. LYNNE MARKUS Data standards in the commercial real estate finance world have been extremely slow to take hold. This study of market participants reveals the factors behind the holdup, and some arguments for why it may be time for a change.

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Increased federal involvement in the mortgage market means more potential False Claims Act liability, and the courts are only making matters worse.

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